

Message Text

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UNCLAS SECTION 1 OF 2 TOKYO 1822

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SUBJECT: 1975 JAPANESE AUTOMOBILE PRODUCTION, SALES AND EXPORTS:
THE OUTLOOK FOR 1976

1. SUMMARY: IN CONTRAST TO OTHER SECTIONS OF THE ECONOMY, JAPANESE MOTOR VEHICLE PRODUCTION AND DOMESTIC SALES REACHED THEIR SECOND HIGHEST ANNUAL LEVELS IN 1975. PRODUCTION TOTALED ALMOST 7 MILLION VEHICLES AND DOMESTIC SALES, INCLUDING IMPORTS, WERE 4.3 MILLION. EXPORTS REACHED AN ALL-TIME HIGH OF 2.7 MILLION VEHICLES. THE U.S. WAS, BY FAR, JAPAN'S LARGEST CUSTOMER, IMPORTING 919,000 VEHICLES, A SLIGHT DROP FROM THE 1974 FIGURE OF 999 THOUSAND PLUS. THE INDUSTRY, AS A WHOLE, EXPECTS A DOWNTURN IN DOMESTIC SALES IN 1976 AND TWO MAJOR PRODUCERS (TOYOTA AND NISSAN) PLAN TO OFFSET THIS BY A 4-10 PERCENT INCREASE IN EXPORTS. BOTH ALSO PLAN FRACTIONAL REDUCTION IN 76 PRODUCTION COMPARED TO 1975. END SUMMARY.

2. ACCORDING TO FIGURE OBTAINED FROM THE JAPANESE AUTOMOBILE MANUFACTURERS ASSOCIATION (JAMA), 1975 JAPANESE MOTOR VEHICLE
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PRODUCTION TOTAL 6,941,591 UNITS, UP 4.9 PERCENT OVER 1974

AND SECOND ONLY TO THE 1973 PEAK OF 8.08 MILLION UNITS. WITHIN THIS FIGURE, PASSENGER CAR PRODUCTION REACHED AN ALL-TIME HIGH OF 4,568,120, UP 16.2 PERCENT OVER 1974 WHILE TRUCK (2,337,366) AND BUS (36,105) PRODUCTION BOTH DECLINED COMPARED TO 1974 (-9.2 PERCENT AND -21.2 PERCENT RESPECTIVELY). BY MANUFACTURER, PRODUCTION TOTALS WERE: TOYOTA 2,336,053; NISSAN 2,080,000 AND TOYO KOGYO 630,000.

3. DOMESTIC SALES, ACCORDING TO JAMA FIGURES, TOTALLED 4,308,852 UNITS UP 11.9 PER CENT OVER 1974. DEMAND FOR PASSENGER CARS (INCLUDING 43,000 IMPORTS) TOTALED 2.8 MILLION; TRUCKS AND BUSES, 1.5 MILLION, DOMESTIC SALES OF STANDARD (OVER 2000 CC) AND SMALL-SIZE (361-2000 CC) PASSENGER CARS CONTINUED TO RISE AS THE JAPANESE CONSUMER MOVED AWAY FROM TH "MINI" (LESS THAN 360 CC) VEHICLE TO THE SMALL-SIZE CAR.

4. THE OVERALL PASSENGER CAR SALE INCREASE IN 1975 (UP 19.9 PERCENT OVER 1974) CAN BE ATTRIBUTED TO SEVERAL FACTORS, MOST IMPORTANT BEING THE CONCERTED SALES EFFORT OF JAPANESE MANUFACTURERS PRIOR TO THE IMPLEMENTATION OF STIFFER EMISSION CONTROL STANDARDS ON MODELS PRODUCED AFTER DEC. 1, 1975. THIS "PUSH" TO MEET THE EMISSION CONTROL DEADLINE IS WELL-ILLUSTRATED BY TOYOTA PASSENGER CAR PRODUCTION FIGURES WHICH TOTALED 148,491 UNIT IN NOVEMBER BUT DROPPED SHARPLY TO 99,431 UNITS IN DECEMBER. OTHER FACTORS CONTRIBUTING TO THE INCREASE IN PASSENGER CAR SALES WERE A RELEASE IN DEMAND PREVIOUSLY HED UP BY THE OIL SHOCK, AN INCREASE IN THE PRICE OF USED CARS AND LASTLY, AN EASING, IN AUGUST 1975, OF STRINGENT INSTALLMENT BUYING TERMS IMPOSED IN SEPTEMBER 1973 AS AN INFLATIONARY CONTROL MEASURE. THE OVERALL SLUMP IN TRUCK AND BUS DEMAND HOWEVER REFLECTED THE CONTINUING STAGNANCY IN MOST OF THE ECONOMY.

5. MOTOR VEHICLES EXPORTS TOTALED 2,677,612 UNITS, UP 2.3 PERCENT OVER 1974. WITHIN THIS FIGURE, PASSENGER CAR EXPORTS RACHED 1,827,286, UP 5.8 PERCENT OVER 74; TRUCK EXPORTS SLIPPED TO 833,672, DOWN 4.7 PERCENT, AND BUS EXPORTS ROSE SLIGHTLY (4.3 PERCENT) TO 16,654 UNITS. THE PROPORTION OF EXPORTS TO TOTAL PRODUCTION WAS 36.6 PERCENT, A SLIGHT PERCENTAGE CHANGE FROM THE 74 FIGURE OF 40.6 PERCENT.

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6. BY DESTINATION, JAPAN'S NUMBER ONE CUSTOMER WAS THE U.S. (919,949) FOLLOWED DISTANTLY BY AUSTRALIA (221,198), SAUDI ARABIA (126,696), GREAT BRITAIN (122,801) AND SOUTH AFRICA (122,598), ALTHOUGH 1975 EXPORTS WERE THE HIGHEST EVER, UNIT EXPORTS TO BOTH THE U.S. AND AUSTRALIA DECREASED COMPARED TO 1974 FIGURES OF 999,577 AND 247,570 RESPECTIVELY. THE DROP IN EXPORT LEVELS TO THE U.S. IS ATTRIBUTED TO A DRAWDOWN OF STATESIDE

INVENTORY IN THE FIRST HALF OF 1975 AND THE FALL IN EXPORTS TO AUSTRALIA MAY BE ATTRIBUTED TO AN IMPORT QUOTA/TARIFF SYSTEM IMPOSED IN JANUARY 1975. EXPORTS TO BOTH SAUDI ARABIA AND BRITAIN WERE UP, HOWEVER, BY 61,554 AND 26,606 RESPECTIVELY.

7. EXPORT VOLUME BY FIRM AND A PERCENTAGE COMPARISON WITH 1974
EXPORT LEVELS ARE AS FOLLOWS:

COMPARISON WITH 1974

NISSAN	884,861 UNITS	102.4 PERCENT
TOYOTA	868,352	101.4
TOYO KOGYO	349,317	90.0

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COMPARISON WITH 1974

HONDA	191,274 UNITS	159.2 PERCENT
MITSUBISHI	155,739	87.6
ISUZU	112,804	106.5
FUJI HEAVY	48,007	95.2
DAIHATSU	20,120	111.5
SUZUKI	19,064	108.4
HINO	17,932	146.4

NISSAN DIESEL 10,142

134.0

8. ACCORDING TO FIGURES OBTAINED FROM THE MANUFACTURERS, NISSAN (DATSUN) WAS THE NUMBER ONE EXPORTER TO THE U.S. DURING 75, SHIPPING 309,279 VEHICLES. TOYOTA WAS SECOND WITH 289,458 UNITS; HONDA, THIRD AT 113,573 AND TOYO KOGYO (MAZDA) FOURTH WITH 83,947. BOTH TOYOTA AND NISSAN ARE CLAIMING TO BE NUMBER ONE IN SALES BUT NISSAN'S CLAIM IS BASED ON TOTAL UNIT SALES (335,415) WHEREAS TOYOTA CITES ONLY ITS PASSENGER CAR SALES (283,909 VERSUS NISSAN'S 263,192).

9. IN 1976, THE INDUSTRY AS A WHOLE HAS FORECAST A DOWNTURN IN
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DOMESTIC DEMAND OWING, PRIMARILY, TO THE INCREASE IN PRICE (RANGING FROM \$200-375) ON PASSENGER CARS CONTAINING MORE EFFECTIVE ANTI-POLLUTION SYSEMS AND THE SALES DRIVE CONDUCTED ON 1975 MODELS. TO MEET THIS SITUATION BOTH TOYOTA AND NISSAN PLAN MINOR CUTBACKS IN PRODUCTION LEVELS (TOYOTA TO ABOUT 2.25 MILLION UNITS AND NISSAN TO 2.0 MILLION) AND, HOPING TO TAKE ADVANTAGE OF GENERAL ECONOMIC RECOVERY PARTICULARLY IN THE U.S., HIGHER EXPORT TARGET LEVELS. TOYOTA HAS ANNOUNCED AN EXPORT TARGET OF 950,000 UNITS WHILE NISSAN, CITING PARTICULAR INTEREST IN THE U.S., FRENCH AND GERMAN MARKETS, HAS SET ITS TARGET AT 900,000. ITS SHIPMENTS TO THE U.K. ARE

"EXPECTED TO REMAIN AT THIS YEAR'S (1975) LEVEL." IN MID JANUARY TOYOTA INTRODUCED A HATCHBACK VERSION OF ITS COROLIA AND SPRINTER MODELS DOMESTICALLY AND MAY BEGIN MARKETING THESE MODELS IN THE U.S. IN LATE SPRING"EARLY SUMMER. IN CONTRAST TO TOYOTA AND NISSAN, TOYO KOGYO, WHICH HAS RECENTLY UNDERGONE MAJOR MANAGEMENT CHANGES, PLANS TO INCREASE ITS PRODUCTION TO 700,000 UNITS THIS YEAR (UP 9 PERCENT FROM 1975) AND IS AIMING AT AN EXPORT FIGURE OF 400,000 UP 14.5 PERCENT FROM 75 EXPORTS. ALTHOUGH TOYO KOGYO WILL CONTINUE TO RELY HEAVILY ON THE EXPORT MARKET (53 PERCENT OF ITS 1975 PRODUCTION VERSUS 37 PERCENT FOR TOYOTA AND 42 PERCENT FOR NISSAN). THE COMPANY ALSO HOPES TO INCREASE ITS SHARE OF THE DOMESTIC MARKET NOW LESS THAN 10 PERCENT) BY EXPANDING ITS DEALER NETWORK. HONDA, WHICH OVERTOOK TOYO KOGYO AS THIRD LARGEST SUPPLIER TO THE U.S. IN 1975, IS EXPECTED TO MAINTAIN THIS POSITION OWING TO STRONG SALES OF ITS CIVIC 1500 MODEL.
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